

Senate File 2024 - Introduced

SENATE FILE 2024

BY ZAUN

A BILL FOR

1 An Act relating to persons who are subject to motor vehicle
2 dealer licensing requirements.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.1, subsection 17, Code 2014, is
2 amended to read as follows:

3 17. "*Dealer*" means every person engaged in the business
4 of buying, selling, or exchanging vehicles of a type required
5 to be registered ~~hereunder~~ under this chapter and who has
6 an established place of business for such purpose in this
7 state. "*Dealer*" includes those persons required to be licensed
8 as dealers under chapters 322 and 322C. "*Dealer*" does not
9 include a person who acts as a broker or consignee of motor
10 vehicles for sale at retail or a person who conducts an auction
11 for the sale of motor vehicles at retail if the person is
12 not otherwise engaged in the business of buying, selling, or
13 exchanging vehicles of a type required to be registered under
14 this chapter.

15 Sec. 2. Section 321.24, subsection 7, Code 2014, is amended
16 to read as follows:

17 7. The certificate shall contain the name of the county
18 treasurer or of the department and, if the certificate of
19 title is printed, the signature of the county treasurer, the
20 deputy county treasurer, or the department director or deputy
21 designee. The certificate of title shall contain upon the
22 reverse side a form for assignment of title or interest and
23 warranty by the owner, for reassignments by a dealer licensed
24 in this state or in another state if the state in which the
25 dealer is licensed permits Iowa licensed dealers to similarly
26 reassign certificates of title. However, titles for mobile
27 homes or manufactured homes shall not be reassigned by licensed
28 dealers. Notwithstanding section 321.1, subsection 17, as
29 used in this ~~paragraph~~ subsection, "*dealer*" means every person
30 engaged in the business of buying, selling, or exchanging
31 vehicles of a type required to be registered under this
32 chapter, other than a person who acts as a broker or consignee
33 of motor vehicles for sale at retail or a person who conducts
34 an auction for the sale of motor vehicles at retail if the
35 person is not otherwise engaged in the business of buying,

1 selling, or exchanging vehicles of a type required to be
2 registered under this chapter.

3 Sec. 3. Section 321.45, subsection 3, Code 2014, is amended
4 to read as follows:

5 3. Upon the transfer of any registered vehicle, the owner,
6 except as otherwise provided in this chapter, shall endorse an
7 assignment and warranty of title upon the certificate of title
8 for such vehicle with a statement of all liens and encumbrances
9 thereon, and the owner shall deliver the certificate of title
10 to the purchaser or transferee at the time of delivering the
11 vehicle except as otherwise provided in this chapter. The
12 owner shall indicate to the transferee the name of the county
13 in which the vehicle was last registered and the registration
14 expiration date. If a motor vehicle is sold at retail through
15 a person, other than a licensed dealer, who is a broker,
16 consignee, or person conducting an auction, the owner of
17 the motor vehicle or the owner's designee shall deliver the
18 certificate of title, duly assigned by the owner, to the
19 purchaser or transferee at conclusion of the sale.

20 Sec. 4. Section 322.2, subsection 7, Code 2014, is amended
21 to read as follows:

22 7. a. "Engaged in the business" means doing any of the
23 following acts for the purpose of the sale of motor vehicles at
24 retail: acquiring, selling, exchanging, holding, offering, or
25 ~~displaying, brokering, accepting on consignment, conducting a~~
26 ~~retail auction,~~ or acting as an agent for the purpose of doing
27 any of those acts. A Except as provided in paragraph "b", a
28 person selling at retail more than ~~six~~ twelve motor vehicles
29 during a twelve-month period may be presumed to be engaged in
30 the business.

31 b. "Engaged in the business" does not include acting as
32 a broker in the sale of motor vehicles at retail, offering
33 motor vehicles for sale at retail on a consignment basis, or
34 conducting an auction for the sale of motor vehicles at retail.

35 EXPLANATION

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 Under current law, a motor vehicle dealer who accepts a
4 vehicle for resale is not required to obtain a new certificate
5 of title for the vehicle, but the dealer is required to execute
6 and acknowledge an assignment and warranty of title upon the
7 certificate of title and deliver it to the subsequent purchaser
8 of the vehicle. This process, known as "reassignment", is
9 required in all retail sales transactions involving a motor
10 vehicle dealer. Any person who sells more than six motor
11 vehicles during a 12-month period is considered to be engaged
12 in the business of selling motor vehicles at retail and
13 is subject to dealer licensing requirements and provisions
14 relating to the transfer of ownership of motor vehicles sold
15 at retail.

16 This bill amends the definition of "engaged in the business"
17 in Code chapter 322 to allow a person to sell up to 12 motor
18 vehicles in a 12-month period without a dealer's license.
19 The definition is further amended to exclude brokering,
20 accepting on consignment, or conducting an auction for the sale
21 of motor vehicles at retail, thereby exempting persons who
22 engage exclusively in those activities from dealer licensing
23 requirements. In addition, the bill amends definitions of
24 "dealer" in Code chapter 321 to exclude brokers and consignees
25 of motor vehicles for sale at retail and persons who conduct
26 retail motor vehicle auctions if such persons are not otherwise
27 engaged in the business of buying, selling, or exchanging
28 vehicles of a type required to be registered. Under the bill,
29 such agents would not be required to accept assignment of a
30 certificate of title for a vehicle to be offered for sale at
31 retail. The bill specifies that the owner or the owner's
32 designee shall deliver the certificate of title, duly assigned,
33 to the purchaser or transferee at conclusion of such a sale.

34 Because of the changes to the definitions of "dealer" and
35 "engaged in the business", certain other provisions that apply

1 to licensed motor vehicle dealers under Code chapter 321 would
2 not apply to brokers, consignees, persons who conduct retail
3 auctions, and persons who sell up to 12 motor vehicles in a
4 12-month period, including but not limited to requirements for
5 damage disclosure statement recordkeeping, odometer statements,
6 and "in-transit" permits.